

Serial No.: 10/769,777  
Docket No.: 101-1015  
Amendment dated August 2, 2007  
Reply to the Office Action of April 18, 2007

### **Amendments to the Specification**

Please replace paragraph **[0042]** with the following rewritten paragraph:

**[0042]** In operation 204S201, splitting threshold values are set for a 16x16 LMB by experiment. It is an aspect of the present invention to set two threshold values; a threshold value  $R_{th1}$  to determine the possibility of splitting the LMB, and a threshold value  $R_{th2}$  to determine whether to split the LMB. Since block splitting is performed to ensure the accuracy of estimation, the threshold values are preferably set based on mean absolute difference (MAD) ratios used in disparity estimation as described above. In this invention, MAD ratios calculated when splitting LMBs into MSBs and when splitting MSBs into SSBs are denoted by  $R_{madsb1}$  and  $R_{madsb2}$ , respectively.